

BUF 4300: Global Sourcing & International Trade Policy
Final Essay Exam
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Rosen, E. I. (2002). *The Globalization of the U.S. Apparel Industry: Making Sweatshops*. University of California Press.

Please answer the following essay questions to the best of your knowledge illustrating critical thinking skills. Use detail where appropriate. Be tight and concise in your essay answers. Answer each question in a separate paragraph. Be sure to cite correctly in APA within the sentence (look at Purdue Owl/ APA). Organize your thoughts.

Remember grammar, punctuation & spelling count as 65% of your final examination grade. Application to current events are graded higher than answers straight from Rosen. Each essay is worth 100 points. *Add all references in APA and in-text citations. Matching must be less than 20%. Use Purdue Owl Online Writing Lab. Good Luck!*

1. Why has department store business declined in the US along with department store business in *England, Germany, and Italy*? (b) How has the *profitability paradox* affected this decline in profits? (c) How has the *profitability paradox* changed the way retailers do business? (d) List and describe at least two ways the industry has prevailed during this time of retail flux (instability) Please use one outside source and add the link at the end of the essay? (e) *What is causing retail flux currently (2021-2023), name two major issues and cite two outside sources. How can they be resolved? (Think Critically).*

While the clothing retail industry flourished in the latter part of the 1960s, revenues were relatively consistent in the decades after WWII. However, unwary buyers were unprepared to face the enormous price increases that occurred in the United States of America throughout the 1970s. Shops sell premium products for reasonable costs while their clients were generally middle and upper class residing from urban areas stated by Rosen “Department stores initially occupied the main shopping district of the downtown area of cities, making it possible for the new urban middle-and upper-middle class consumers to enjoy the convenience of one-stop shopping; stable prices; and reliable, quality merchandise.” (Rosen, 2002,

p.178, para.1) Additionally, there had been an industrial halt in the late 1970s, which resulted in a drop in revenue for families. During this era, numerous households who deemed middle class fell into the lower socioeconomic class. By the latter part of the 70s, bargain retail companies opened their doors, quickly overpricing major shops. When consumers absent, organization retailers had to search for new customers.

Departmental shop sales dropped within the United States, as well as Italy, Germany, and England, was a consequence of a recession triggered by a sharp rise within the cost of products and services. The factors that follow were the main causes for the financial crisis: an increase in the price of oil, the period of recovery following the conclusion for the war in Vietnam, a growing aggressive International track, and a dramatic decrease in the amount of employment, notably within industries such as the manufacturing field.

In the United States department stores declined due to factors such as the great depression in the 30s. During this time period many companies fell into bankruptcy due to the shortage of funds the department retail sales fell considerably as individuals utilized their savings to get through the tough times. In addition to department stores closing the stock market crashed which led to people not trusting their money in the banks as well as scared to make miscellaneous purchases.

The fall in the departmental industry business within England was attributable towards the emergence of Internet purchasing along with their failure to adjust to shifting needs. In England most department stores began to losing share within the market resulting in chain supply stores becoming more popular.

The department shops have declined in Germany primarily a result of a shift in marketing to consumers techniques. The recently developed approach to advertising asks for segmentation of the market, aimed at distinct customers according to buying characteristics. For the purpose of selling to specific categories of individuals, the marketplace is divided into various divisions. Considering the brand-new businesses soon to be opening seemed doable.

Profitability paradox transformed the way merchants conduct business by lowering costs using seasonal, or post-seasonal deals. A different strategy

was to broaden the garment and textiles businesses' market segments, which required merchants to depend upon wage cuts from nations that are less developed mentioned by Rosen "Given retailers' continuing efforts to reduce operating expenses, higher interest rates made it difficult to borrow money and tended to squeeze profits. These problems made it more difficult to cope with the profitability paradox." (Rosen, 2002, p.195, para.3) Despite globalization as well as segmentation of the market, the apparel business survived throughout this period of retail instability. Garment along with area of expertise merchants were forced to react to the economic conundrum by dramatically lowering costs, the business has survived retailing insecurity through taking use of trading operations throughout Japan in search of a lower-cost in materials stated by Rosen "By the mid-1980s, department stores had begun to experience a serious profitability crunch. As already noted, this resulted in part from the post-war expansion of retail space and the accompanying oversupply of merchandise." (Rosen, 2002, p.188, para.1)

A way one may prevail during retail flux is to attempt to obtain low-cost workers in order to preserve revenue "The new agenda promoted the opening of new markets in developing countries, the expansion of low-wage apparel production in these countries, and the growth of low-wage textile and apparel exports to the United States. This agenda has made it possible for transnationals to move apparel production to ever lower-wage sites throughout the developing world." (Rosen, 2002, p.8, para,1) Technology helps businesses stay afloat during a retail flux creating various ways (Forbes, 2022) retail store can continue to gain revenue during factors such as pandemics creating materials faster reducing the struggle of discovering employees. Technology expands the way consumers are able to buy goods through a variety of e-commerce strategies along with the amount of stores who offer internet shopping have turned into customer service centers for customer store pick up packages stated by Rosen "They used a variety of new strategies to do this: for example, reduced labor costs, new technologies, strategic partnerships, private-label merchandise, and new niche-marketing techniques." (Rosen, 2002, p.188, para.2) Another way to prevail through a retail flux is change the way business is conducted such as promote discounts for consumers stated by Rosen "One might say that consumers have been "educated" by full-price retailers who now offer "preseason, midseason and post-season discounts." Consumers do not buy at full price but wait for sales before buying." (Rosen, 2002, p.196, para.1) department shops will be able to profit by shifting demographic trends and studying what customers want. Lowering pricing is not perfect since it

results in fewer earnings, but it makes a product enticing to a buyer. (McKinney,2020) mentioned by Rosen “Retailers try to capture consumer dollars by focusing on changing demographic patterns, by carefully scrutinizing consumer wants, and by reducing prices. Pricing distinctions between department stores, specialty stores, and discount stores are now blurred.” (Rosen, 2002, p.195, para.4)

Particular sectors are touched in different manners by the complicated dynamics of the economic cycle, ranging from transformations in the media and technical breakthroughs to big emergencies like a worldwide epidemic causing a financial crisis for many individuals and businesses. The war between Ukraine and Russia is causing a retail flux due to factor such as cost or materials to increase rapidly along with the availability for materials dropping. The war effects the supply chain of various retail stores creating shortage in gas prices stopping transportation distribution methods causing businesses to not dock within Ukraine and Russia. (Global Data, 2022) Global inflation is a contributor to retail flux in the present times. Inflation has made a negative impact on consumer due to prices rising causing one not being able to afford items such as essentials. (Data weave, 2020) After the 2020 epidemic the demand for certain product became high such as tissues which businesses seen as a strategy to gain profit back by spiking the cost. Similar to the war in Ukraine, inflation effects the supply chain since the prices increase the demand will drop especially for the textile industry having difficulty with transportation of materials.

2. Why was the Caribbean Basin Initiative crucial for Reaganomics? Explain the significance of as it relates to Rosen (1) *Manuel Noriega* (2) the *Contra Army* (3) *Sandinistas* and (4) *Fidel Castro*? What was the significance of the *Panama Canal*? Answer each in a well-detailed paragraph of their own. Use outside sources.

What is the significance of Noriega extradition to Paris, France? How does this relate back to the time when he was the dictator of Panama? *How does this relate to the one of the somewhat recent political situations in Nepal and Citizen –led Protest that led to Brihat Nagarik Andolan (BNA)*? Please correctly cite in-text citations in APA and be sure to use outside references. Be she to show application from your knowledge of this course.

The Caribbean Basin Project was critical for Reaganomics since a big portion of the Caribbean region contributed essential commodities to the country. caffeine, sugar, are among the basic ingredients. Also, fifty percent

of Latin American oil production was processed and utilized by the United States, as were the majority of the country's petroleum-based goods. In the middle of the 1970s the United States of America exchanges its financial resources and generated commodities in compensation. The Caribbean Basin Initiative assisted in the restoration of Latin American exports in order to provide jobs to lift individuals from hardship stated by Rosen “the Caribbean Basin Economic Recovery Act, was a new trade and investment program designed to promote economic development and political stability in the region and to check the spread of Soviet-Cuban influence in the Americas.” (Rosen, 2002, p.129, para.2) The recipient nations were those designated by the United States as appropriate for the construction of industries and businesses in the Caribbean region mentioned by Rosen “the U.S. textile and apparel industries were playing a major role in the new trade and investment regime that had been developed by the Caribbean Basin Initiative.” (Rosen, 2002, p.129, para.3)

Manuel Noriega is recognized due to his position as the previous ruler of Panama from the years 1983 to 1989 along with his contacts with the United States of America. Throughout Ronald Reagan's leadership, Noriega's rule generally backed the political along with financial goals of the United States, ultimately providing him in charge of excessive authority. Three decades following Noriega was elected president in office allegations of narcotics trafficking, dangerous equality offenses, and laundering of funds surfaced, validating the US's intention to remove him and terminate his authority. Noriega was charged by the federal government in 1988 on charges pertaining to drug/human trafficking alongside promoting sweat shops in Panama and laundering money (Frances Y. F. Ma, 1991).

The Contra war extended 11 years lasting from 1979 to 1990, the Contra military possessed around 500 individuals as well as a spending plan in the millions. The United States provided support as a group fighting in Nicaragua to overthrow the Sandinista in order to reconstruct the government in Nicaragua, authorized by the CIA the contra army was created by Ronald Regan’s approval (History.com Editors, 2020). The Contra army used fraud, illicit drug trade, and criminals as employees, factors like the Boland amendment passed by congress in 1984 limited the additional support towards the contra army.

With the overthrow of Anastacio Somoza the Sandinistas came into power once the war in Nicaragua was over, a number of the reasons that the United States sponsored Noriega was because he had sufficient power to prevent the Sandinistas from advancing. Throughout the Marxists regime, manufacturing employees as well as rural residents were forced to join unions to labor in factories that enriched Western nations while exploiting fewer wealthy nations. The economic devastation caused due to the guerilla conflict involving the Contra Army and the Sandinistas were so severe the development of manufacturing facilities seemed appealing. The establishment of factories in Nicaragua was perceived as a chance for the Sandinistas to collaborate with multinational firms to generate additional revenue by cheap labor, in order to increase the country's economy (History.com Editors, 2020).

After Castro took control of Cuba, he voiced certain constitutional changes and radical objectives that the United States saw potentially a danger to its corporate interests in Latin American regions. The emergence of communist within Cuba prompted US engagement with Central America. Fidel Castro desired to go to battle with the United States. The dispute between the two developed as a result of the United States' liberalization of trade as well as expansion into Caribbean countries. Castro desired that the USA withdraw its armed forces from Cuba with the goal of decreasing the U.S influence.

The Panama Canal improved the process of international trade linking the Atlantic and Pacific oceans together. The canal became significant in creating a clear the path for more rapid effective channels for US global trade and armed transit, the canal has aided the United States armed forces by allowing supplies to be delivered at a quicker rate and playing an essential role in the US come out through WWII (Encyclopedia Britannica, 2023).

Noriega extradition to Paris was significant due to his demonstrate the strength of both government parties, acting as a warning for additional leaders of authority who might attempt to defy the judgments from a powerful nation. Noriega's extradition process resulted in a triumph for Noriega along with his legal partners, who argued against the US unwillingness to return Noriega to his country violating the conventions of Geneva. As He liked reigning with a ferocious hand, he became involved in criminal activities for which he has refused to confess after being

imprisoned for a number of decades (The Gaurdian,2010). Previously while Noriega served as the authoritarian ruler of Panama, being extradited to his homeland didn't offer comfort for its residents, who have no idea how it may have an impact on them (Millett, 1988).

3. Rosen discusses “Free Trade,” the end of quotas and tariff reductions. As noted several times in the book, trade policy for apparel has often been led by political agendas. State (cite) a time in history when trade policy was in fact, affected by a country’s political agenda. How would trade change if negotiations were made to have US apparel made in sub-Sahara Africa? In your own words, what newsworthy events were reported about Venezuela’s President Hugo Chavez, Chilean President Pinochet, and Russian President Vladimir Putin that would affect foreign policy in the United States? Use three (3) additional outside sources. Answer each in a separate paragraph.

Within Eisenhower's presidency in the final years of the 1950s, free trade, along with extra tariff and quota reductions became popular initiatives in politics according to Rosen “By the mid-1950s it was among the largest and most significant industries threatened by the administration’s power to reduce tariffs.” (Rosen, 2002, p.64, para.1) The eventual containment of communism in Asia was supported by trade development. Throughout the 1950s, the 33rd parallel battle in Korea, as well as the slowing of the US military in Japan, represented a critical component of the communist threat. As Secretary of State John Foster Dulles explains, Eisenhower's international trade strategy promotes more Americans to make investments in Asia and assist Japan reindustrialize. The free trade system prevented the repercussions of communist takeover in Asia.

Negotiations to have US clothing made in Sub-Saharan Africa could change business by transforming it into a more linked marketplace. Referred to by Rosen “Congress introduced a bill that would both permit fashion producers to open new markets in Africa for low-wage production and give the textile industry CBI parity.” (Rosen, 2002, p.206, para.6) This will additionally enable Africa to participate in the worldwide economy. The enormous number of AIDS patients is one issue impacting Sub-Saharan Africa in particular, and many investors and manufacturers looking for prospects in Africa perceive this as a barrier to advancement. Fraud and insecurity afflict Africa's governmental infrastructures as well according to Rosen “Liabilities inherent in trade with African nations include the many unstable and corrupt governments and the lack of infrastructure, such as roads, rail service, and

port facilities.” (Rosen, 2002, p.206, para.1) As a result, African clothing manufacturing and exports would be delayed.

Hugo Chávez made his entry into politics at the age of 62 from South America has caused some controversy. From the man he intended to assassinate to the global nations he hates, his actions/choices have drawn worldwide notice and condemnation. The report created by ABC in 2013 discuss events occurring throughout Chávez’s life detailing how the influence of him on Venezuela along with his regime going against the United States accusing of trying to overthrow his ruling creating issues. (ABC, 2013). The report explain how Chávez helped Argentina recover from a financial crisis earning their respect, viewing the United States as enemies.

From 1973 through 1990, Augusto Pinochet controlled Chile as a violent dictator. Utilizing the armed forces, Pinochet was able to seize full control by deposing Salvador Allende's communist administration. After being charged with various crimes such as the assassination of Carlos Prats in the 70s, tax evasion Pinochet stepped down from his presidency. The battle between the United States and Pinochet was hurtful to both economies resulting in it to take many years to recover.

Vladimir Putin rose to power from assistance by Boris Yeltsin during his presidency during the 90s. After being appointed to presidency Putin held many roles in his leadership passing various laws throughout Russia such as enforcing curfew, restricting freedom from residents monitoring their communication and destroying cities to rebuild them hurting the economy.

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